

...s All the Rage

The Global Newspaper Edited and Published in Paris

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post PARIS, TUESDAY, MAY 12, 1992

...a synonym of the forehead, anger, or... "Nose for grief" is the general term...

...manager Jerry Brown was cornered... by his definition of a sphery, which made...

JOYMENT EMPLOYMENT... AVAILABLE EDUCATION... LOW COST... ACCESS... POSITIONS... AVAILABLE

EC Members Will Recall Ambassadors To Belgrade

The Community Presses Its Demands for Troops To Pull Out of Bosnia

By Alan Riding... Struggling to force Serbia to end its military intervention in the newly-independent republic of Bosnia-Herzegovina...



From his own apartment, shelled by the Yugoslav Army, a Bosnian defender in firing position Monday as fighting continued in Sarajevo.

Serbs Rain Artillery Shells on Sarajevo

By Blaine Harden... "The risks are almost intolerable," said a UN spokesman in Sarajevo, adding that "criminality and anarchy" are increasing daily.

Jet Fighters Go on Hold Bonn May Leave Europe Project

By Stephen Kinzer... BONN — The German government, increasingly pressed for cash, is reportedly planning to withdraw from a European project to design and build a new jet fighter.

U.K. Defies Community On Control At Borders

Hurd Bases Position On 'Particular' Needs Of an Island Nation... BRUSSELS — Britain defiantly insisted on Monday that it would resist the European Community's plan to abolish passport checks...

U.S. Nuclear Arsenal: No Secret, It's Shrinking

By Thomas W. Lippman... WASHINGTON — After a year of bush-taking developments that completely altered the U.S. strategic situation, the unthinkable has become commonplace. The United States is not producing nuclear weapons or manufacturing plutonium or weapons-grade uranium.

Jet Fighters Go on Hold

Bonn May Leave Europe Project... officials as saying the plane was, in the words of a colonel, "finally dead."

U.K. Defies Community

On 'Particular' Needs Of an Island Nation... "We are obliged by our own self-protection to maintain the kind of controls which we have, which are particular for us because of our geography..."

PASSAGES

In China, the Creation of a New Order

By Nicholas D. Kristof... DONGGUAN, China — For anyone who thinks of Communist Party bosses in China as old ideologues in Mao suits, Liu Shuji comes as a surprise.

In North Korea, Homage to the Old

By David E. Sanger... PYONGYANG, North Korea — These have been a busy few weeks in Paradise. Every day for weeks now, thousands of North Koreans have poured into the national stadium here to watch the "mass games" in honor of the 60th birthday of Kim Il Sung...

Ex-Chief of CIA To Head Probe Of Police in Riot

LOS ANGELES (AP) — William H. Webster, former head of the CIA and FBI, was named Monday to head an investigation into whether the police were slow to respond to last week's riots in Los Angeles.



PESO POWER — A Philippine woman waving a sample ballot and money she said a local candidate gave to her Monday. Results in the national elections are not expected for several days, but an exit poll by ABS-CBN television showed a former judge, Miriam Defensor Santiago, slightly ahead of Fidel V. Ramos, the former defense secretary, in the presidential race.

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Style

Rerun for the Print Scarf Film-Star Glamour of the '50s Is Back

PARIS — When the Cannes film festival had its international heyday, there was a Riviera style: a square of silken scarf and a pair of skinny pants. This summer that basic instinct to dress like a film star is back in fashion.

For the first time since the Croisette was hot and Capri a hit back in the 1950s, the scarf print is the look of the season. It comes as a silk head-square to tie shirt outside over the pants," says Giota Marconi Braga; while Consuelo Crespi claims, "He solved all our dressing problems with his solid shirts and pants."

SUZY MENKES
Grace Kelly-style at the nape. It makes a bold border print for a sarong skirt or splashy patterned leggings. Mostly it comes as a shirt to hang loose over swimsuit or pants, or to tie up round the midriff à la Bardot.

After slipping out of style for a quarter of a century, prints burst back into fashion with Christian Lacroix's designs at the end of the 1980s. His wild mixes of pattern and print, clashing colors and cultures, mixing bullfighting motifs with rococo ribbons, started a new spurt of interest in the possibilities of print.

Pucci itself — now directed by Emilio's children — has had a mild revival. But another Italian designer, Gianni Versace, has relaunched the scarf-print fashion for the 1990s. Using his flamboyant talent for the theater and the resources of Italy's Como silk industry, Versace has made the scarf shirt red hot. His \$2,500 shirts are seen on Hollywood stars (not least Liz Taylor) and the same prints are splashed over swimsuits, bra tops, stretch bodysuits and leggings, and even a jazzy new version of the palazzo pajamas with which Pucci rose to fame.

The Hermès archives show that it used the scarf print for clothing in the late 1950s, when the famous Brides de Gala print appeared on a blouse and a pattern of pedigree dogs was printed on a 1958 shirtwaist dress. Recent collections have featured scarf-print parkas, blazers, swimsuits and men's vests and ties, and the classic Hermès printed shirt in heavy silk twill, printed in up to 39 colors, is a standard-bearer of style.

Taking themes theatrical or historical, Versace has produced prints of masks, jewels, religious icons and neoclassicism — and sometimes all that on one silk shirt. For this spring season he launched a range of his own classic prints called Signatures, producing his greatest hits as shirts and jackets.

Fellow Italians Gucci and Ferragamo have also created their own scarf prints in lustrous silk, while myriad makers are turning out cheap-and-cheerful versions. In the high-fashion world, designer Angelo Tiarazzi has made the fluttering scarf his signature and has developed witty and elegant ways to make the scarf into clothing.

But the scarf is at its most seductive as a simple shirt. The focus is on the quality of the double-creased silk and the depth and richness of color. Stretch leggings add a body-conscious 1990s look to the sporty style, but the shirts continue to radiate the film-star glamour associated with Cannes starlets and the Riviera's grand hotels.



Hermès silk twill shirt with a Texas nature motif (above); tied and draped Ferragamo scarves (far left), and Versace print shirt and pants (right).

STYLE MAKERS



Photo: Andri/International Herald Tribune

Fragrant Ads SELL BY SMELL SPREADS

NEW YORK — Call it the War of the Noses — all those competing perfumed strips in magazine ads. Or call it the War on Noses, as some magazine readers do, nostrils twitching, eyes smarting and ire rising.

Other magazines that send scent-free copies on request include Harper's Bazaar, House Beautiful, Town & Country and Victoria, all published by Hearst Magazines. Conde Nast, on the other hand, does not offer scent-free versions of its magazines.

Indeed, Kathy Leventhal, publisher of Allure, said a survey of her subscribers showed that 60 percent had bought a fragrance as a result of a perfumed strip in a magazine.

Camille McDonald, vice president of marketing for Ralph Lauren fragrances at Cosmar Inc., said her company's research indicated that 76 percent of women buying a fragrance said they had been introduced to it by a magazine.

"It is the overwhelmingly most efficient method of getting the product to the broadest possible audience," she said. "There is no equally efficient way of reaching an audience of, say, 2 million like Glamour's."



Christina Moore/Bettini



TV personality Betty Furness (right), in 1966, in a two-piece silk Pucci, and Hermès's 1958 silk "insect" shirt (above right).

Mayor of Milan Resigns Over Kickback Scandal

MILAN — Piero Borghini, embattled mayor of Milan, has resigned his industrial and business posts, which has been at the center of a major corruption scandal, since Monday.

Mr. Borghini, who had called for his resignation as kickback scandal rocked Milan, had forced the entire city council to quit. About 30 businessmen and politicians have been arrested in the scandal, including the last Italy's biggest construction company, Cogefar-Impresti, a unit Fiat.

Order, Pragmatism

Management practices and market reforms. He said that while some countries have done well, reducing gaps between the rich and the poor they generally have poor results and low efficiency.

ARMS: New Nuclear Age

(Continued from page 1) tests were planned in the next year, the fewest since a moratorium in 1961.

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The Army of Tomorrow

The army of tomorrow is neither the Red Army nor the U.S. Army. With the Cold War at an end, neither Moscow nor Washington wishes to patrol a turbulent globe...

Accidentally Nuclear

In the surge of self-determination that dissolved the Soviet Union, three new nuclear states were inadvertently created on top of already nuclear Russia, Ukraine, Kazakhstan and Belarus...

A March for the Cities

It could easily have been just another march on Washington, important but unlikely to attract more than a day or two of publicity. Now, however, next Saturday's march to "Save Our Cities/Save Our Children" could well shake America's capital...

Other Comment

A New Era in Central Asia: Mujahidin victory in Afghanistan has given a boost to the disparate factions eager to dislodge unreconstructed Communists from power in Soviet Central Asia...

Time to Recall What European Union Is All About

By Max Kohnstamm

BRUSSELS — The Euro-debate that started in Britain is spreading across Europe. Questions are being raised not only in the European Community states but also in the states of the European Free Trade Association...

in dispute, nor is the fact that this market needs a level playing field based on rules established, supervised and maintained by the Community's institutions. Differences certainly exist between the member states...

Germany: Outsiders and Germans Themselves Ask Too Much

By Leslie H. Gelb

BONN — One can imagine Germany's future as a power of the first rank, but it is not now. Germany is trying to fill a huge power vacuum left by a collapsed Soviet Union and a declining America...

Bonn will also have to pass tough laws to curb immigration. There is no other way to blunt simmering German discontent and a menacing right wing. Yet those necessary actions will be greeted by cries of Nazism.

Russia: Shock Therapy Isn't the Way to Promote Democracy

By Melvin Fagen

GENEVA — The International Monetary Fund and the U.S. government are undermining their own aims of promoting a market economy in Russia and in the other republics by imposing as a condition for aid dogmatic directions for shock therapy...

approach to Russia as well as to other countries needing assistance is that they fail to take into account the social and political consequences of the economic measures they impose as a condition for their aid.

A Neo-Bolshevik Brand of Capitalism

By Georgi A. Arbatov

MOSCOW — The West took a long time to make up its mind that it is in its best interest to help Russia and other members of the Commonwealth of Independent States get out of their post-Communist economic and political crisis.

compromises. Far more than the personal reputations of Mr. Gaidar, Jeffrey Sachs (the economist advising the Russian government) and a bunch of anonymous IMF experts is at stake.

INTERNATIONAL HERALD TRIBUNE

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Russians' real need is for technical aid and equipment to increase domestic output and supplies to consumers.

the government — under pressure from its opponents — survived by relaxing credit controls for industries, by delaying increases in some energy prices and by increasing wages for public sector employees...

1892: Polynesian Revolt

SAN FRANCISCO — A telegram states news of a serious revolt among the natives of the Leeward Islands, or "Iles Sous le Vent" in the South Sea. The natives of this group, which is under French protection, have refused to obey French officials and declared war.

1917: Black Eagles Gone

PARIS — For the first time in centuries, says the "Figaro," the famous black eagles of the Swabian Alps, where the castle of the Hohenzollerns stands on a wild height, have abandoned their lair.

1942: Secret Shipments

LONDON — [From our New York edition:] Specific reports that Germany has transported poison gas to the Russian front and is building gas shelters throughout the Reich inspired Prime Minister Churchill's warning to the Nazis that its use would bring retaliation.

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Let Private Keep U... Herald Tribune

OPINION

Let Private Communicators Keep Up With the Tappers

By William Safire

WASHINGTON — The world's espionage agencies are busy retooling. Military intelligence is no longer the hot model; technological trade secrets are what the customer wants. You might think, with foreign economic spies intercepting America's global data, transmissions, faxes and phone calls, that the Bush Justice Department and National Security Agency would be helping American businesses defend communications from prying eyes and ears of overseas competitors eager to steal scientific advantage.

U.S. spooks worry that they will no longer be able to listen to what Americans and their computers are saying to each other.

Does anyone seriously think that state terrorism cannot afford the best encryption and penetration software, or that drug cartels cannot buy the latest encryption devices for their money movements? Sure, old-fashioned wiretaps got John Gotti. But not three years ago, with Federal Reserve computers whirring, and the NSA's Big Ear sucking up global telephone calls (and with no serious encryption working for him), Saddam Hussein was able to run \$4 billion in 3,000 illegal transactions through an Atlanta bank to finance his nuclear missile development.

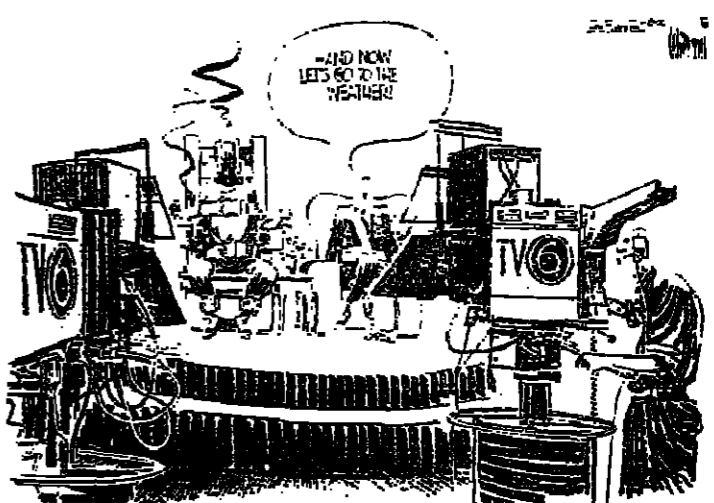
Does anyone seriously think that state terrorism cannot afford the best encryption and penetration software, or that drug cartels cannot buy the latest encryption devices for their money movements? Sure, old-fashioned wiretaps got John Gotti. But not three years ago, with Federal Reserve computers whirring, and the NSA's Big Ear sucking up global telephone calls (and with no serious encryption working for him), Saddam Hussein was able to run \$4 billion in 3,000 illegal transactions through an Atlanta bank to finance his nuclear missile development.

Truly Electrifying Entertainment

By Arthur Miller

ROXBURY, Connecticut — The time has come to consider the privatization of executions. There can no longer be any doubt that government — society itself — is incapable of doing anything right, and this certainly applies to the executions of convicted criminals. At present, the thing is a total loss — to the convicted person, to his family and to society. It need not be so.

Finally, the executioner, hooded to protect himself from retaliation, would proceed to the platform. He would walk to a console where, on a solemn signal from the governor, he would pull the switch. The condemned man would instantly surge upward against his bindings, with smoke emitting from his flesh. This by itself would provide a most powerful lesson for anyone contemplating murder. For those not contemplating murder, it would be a reminder of how lucky they are to have been straight and honest in America.



witnessing a few dozen privatized executions, the public might grow tired of the spectacle — just as it seizes on all kinds of entertainment only to lose interest once their repetitiousness becomes too tiresomely apparent. Then perhaps we might be willing to consider the fact that in executing prisoners we merely add to the number of untimely dead without diminishing the number of murders committed.

LETTERS TO THE EDITOR

'The City of Joy': A Reply

Regarding "Calcutta Will Survive the Movie" (Meanwhile, April 23): As the author of "The City of Joy," the book on which the film of the same name was based, I feel obliged to offer a reply to some of the errors in the article by Shashi Tharoor.

Indian Nuclear Restraint

Regarding the editorial "For a Nuclear-Free India" (April 29): One may well object to what India has done in the nuclear field, but let us not forget what it has not done. Every nation that tested once went on to test dozens of times, or hundreds in the case of the superpowers — except India.

On Mitterrand's 'Lesson'

In response to the report "Mitterrand Blames U.S. on Social Policies" (May 2): Let President François Mitterrand do something about the 15 percent of the French electorate that votes for a far-right party that opposes immigration, and let him do something about the serious racial crisis in France's own suburban slums, before he gets up on his high horse and delivers lessons to Americans about our serious racial problems.

Armenia Must Not Forget

Regarding the report "Common Sense Loses Again: At Last Minute, a Turk-Armenian Deal Fails" (March 31): If the guilty party asks for forgiveness, he or she stands a chance of being forgiven, but to ask Armenians to forget is out of the question. Otherwise they would trample the memories of at least 1 1/2 million dead.

All About

It is not the fact that this market level playing field based on rules supervised and maintained by community institutions, differentiated by laws between the member states, continues to exist — about how level the field should be, and about how long and arduous the debate, that is at the center of the present Euro-debate. It is the fact that the present Euro-debate will continue, and will have to face the challenge of a member of the Council of Ministers, doubling the number of votes from 12 to 24 or even more. This move involves much more than the simple change of the number of votes. It is a move that would have a significant impact on the balance of power in the Council of Ministers.

Ask Too Much

Bonn will also have to pass laws to curb immigration. There are many who want to limit immigration, but they also want a strong economy. They want Germany to be a world leader in technology and industry. They want Germany to be a world leader in science and research. They want Germany to be a world leader in art and culture. They want Germany to be a world leader in everything.

Democracy

and supplies to the consumer. It is not the fact that this market level playing field based on rules supervised and maintained by community institutions, differentiated by laws between the member states, continues to exist — about how level the field should be, and about how long and arduous the debate, that is at the center of the present Euro-debate. It is the fact that the present Euro-debate will continue, and will have to face the challenge of a member of the Council of Ministers, doubling the number of votes from 12 to 24 or even more.

No. 75 AND 50 YEARS

1942: Secret Shipments LONDON — [From our New Edition:] Specific reports that many have transported poison gas shells throughout the world, and that the Nazis had a secret Prime Minister, are now being revealed. The story would bring revelation. Since the very large German shipment of gas shells filled with mustard gas through a section of the North Sea, they were followed by a second shipment of gas shells. The gas shells were in large metal containers of gas shells, not to be opened except by the order of a "do kanone," which had a great corrosive effect. Several hundred gas shells were destroyed as a result of Churchill's speech. The gas shells were seen testing gas masks today.

Advertisement for the International Herald Tribune. It features a large graphic of a starburst and the text: 'Subscribe to the IHT. Here's what you get: SAVE up to 46% off the newsstand price. RISK-FREE TRIAL PERIOD. If you are not fully satisfied, notify us within 4 weeks for a full refund. No questions asked. FREE BONUS ISSUES see table below. Mail your order today or call us toll-free. France: 05 437 437. Germany: 0130-848585.' Below the text is a table with columns for Country/Currency, 12 months, 14 months, and 6 months. It lists various countries like Austria, Belgium, Denmark, etc., with their respective rates. At the bottom, there is a form for ordering, including fields for name, address, and payment information.

Advertisement for the Saudi Arabian National Guard. It features the Saudi Arabian National Guard logo and the text: 'SAUDI ARABIAN NATIONAL GUARD PUBLIC TENDER ANNOUNCEMENT FOR THE MANAGEMENT AND OPERATION OF THE NATIONAL GUARD KING KHALID HOSPITAL, JEDDAH'. The advertisement details the requirements for the tender, including experience in hospital management, financial status, and commercial registration. It also provides contact information for the Supervision Office at the National Guard King Khalid Hospital, Jeddah 21423. The telephone number is 665 6200 Ext. 1662/1683 and the facsimile number is 665 0446. The tender documents are available for purchase from Saturday 18/11/1992 through Sunday 26/11/1992.

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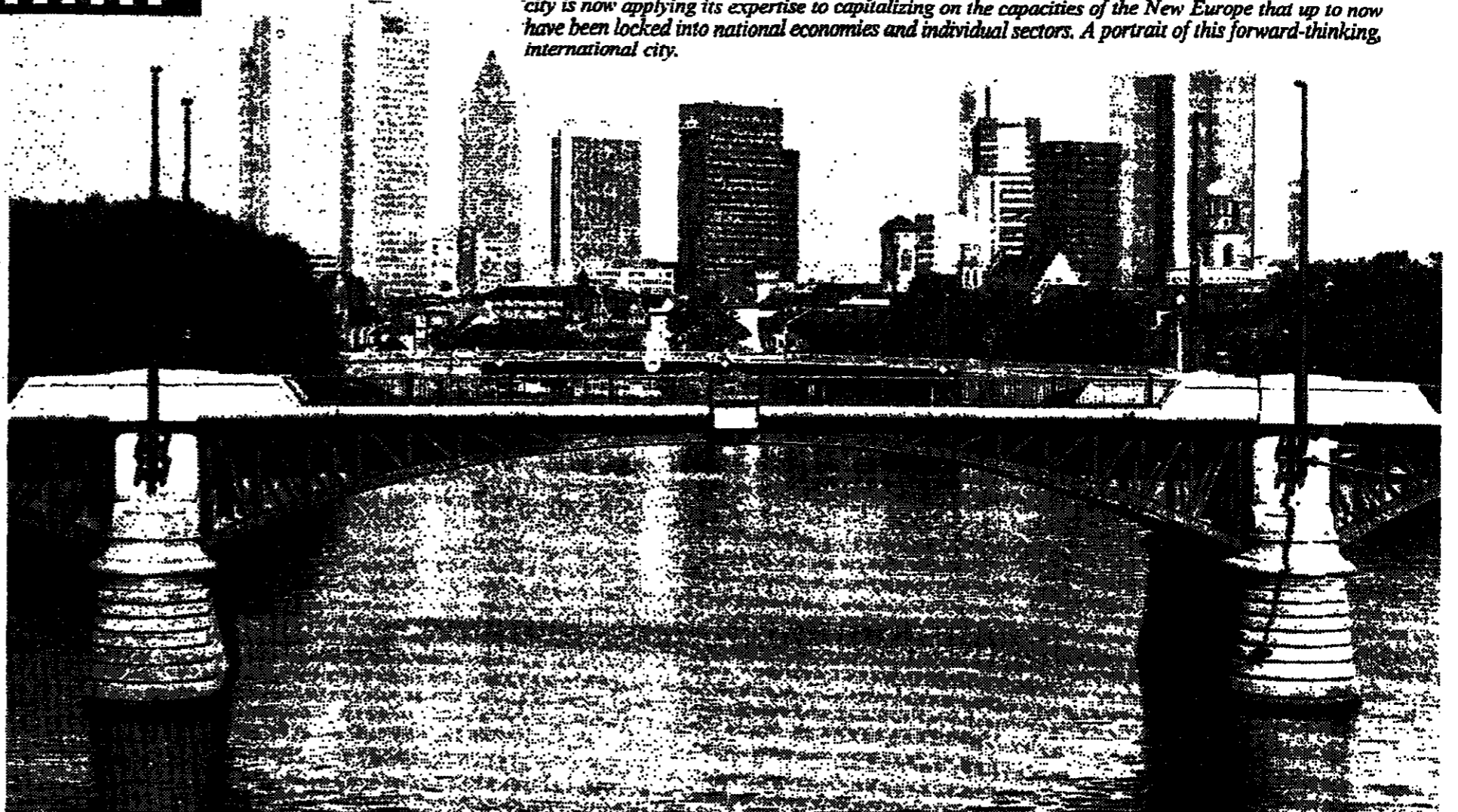
Table of International Funds with columns for fund name, currency, and price. Includes sections for Global Equity, Global Bond, and various regional funds.

Table of Other Funds with columns for fund name, currency, and price. Includes various specialty and sector funds.

FRANKFURT

The Natural Choice

In less than seven years, for the first time in history, Europe will be demarcated not by static political frontiers but rather by a single currency, the mobile economy it will create, and the European Central Bank, which will reside over both. At the forefront of European centers working to help create a single European economy is Frankfurt. For 40 years Europe's international business specialist, the city is now applying its expertise to capitalizing on the capacities of the New Europe that up to now have been locked into national economies and individual sectors. A portrait of this forward-thinking, international city.



City Well Qualified To Be ECB Site

City fathers view them as promising sources of additional tax revenues and prestige. City residents generally see them as competitors for scarce parking spaces, apartments and airplane seats. All dub them the "Eurocracy" organizations created by the EC and set up in a European capital.

The location of the newest institution — the European Central Bank (ECB) — has yet to be decided, but Frankfurt is already a leading candidate.

To meet their service and technical needs or to represent national interests, most Eurocracies spawn entou-

Frankfurt already has the necessary work force and infrastructure

reges of member-country delegations, coordinating committees, corps of translators and technical staff, and journalists to cover all of this. Locals, watching this horde of Eurocrats descending upon them, sometimes draw a simple, incorrect equation: new institutions mean new, expensive, non-local personnel, new, expensive construction and an exacerbation of existing housing-cost and space problems.

Rather, ECB, which will probably have a staff of 200 to 300 people, is established in Frankfurt, it would be an exception to this rule. Most ECB support staff would have already been working in the city, with all necessary infrastructure and telecommunications services already established.

Each of the 69 consulates and 53 foreign chambers of commerce and trade missions in the city are already adequately staffed to handle new demands posed by the ECB, and the many translators and interpreters already in the city would welcome the extra work, especially in such low-demand languages as Greek and Portuguese. The several hundred lawyers and accountants in Frankfurt specializing in international finance could no doubt find time to handle an influx of clients.

No journalists, television reporters or data-transmission experts would have to be reassigned to Frankfurt: the 25 largest communication service companies in the world are already represented in the city. Frankfurt also serves as the headquarters for AP and Reuters in Germa-

A Highly Mobile Business Community

Around 35,000 international executives live and work in or on the outskirts of Frankfurt. The area's 3,000 non-German industrial companies include Opel (a General Motors subsidiary) in Rüsselsheim, Du Pont and Hewlett-Packard in Bad Homburg, Procter & Gamble in Schwalbach, and Dow, Davy McKee, Nestlé and many others in Frankfurt itself.

Nor do multilingual, multicultural businesspeople work only for the city's non-German companies. Many of Frankfurt's leading enterprises — Metallgesellschaft, Degussa, Hoechst and Deutsche Bank — have created fast-track promotion programs for foreign executives.

According to Thomas T. Krauss, head of the Frankfurt-based American Chamber of Commerce in Germany, there is not even one particular watering hole for foreign business people. "I live in the Taunus mountains, in Kronberg. Like many other people, I tend to spend most of my leisure time in my particular community," says Mr. Krauss, "which of course has a lot to do with the fact that our

two children like the greenery and the space to run around in." Most of the world's business centers feature a social dichotomy: a highly transient corps of international businesspeople and highly entrenched echelons of local executives protecting local interests.

That Frankfurt is an open city," says Gabriele Eick, speaking of the permeable borders between the local and international sectors in Frankfurt, "is due to its high degree of professional mobility," both for German and non-German executives.

Frankfurt Fact Sheet

- Size: 249 square kilometers (96 square miles)
Population: 634,142
Work force: 383,000
Commuters: 425,000
Companies: 35,400
GDP (1990): 67.3 billion Deutsche marks, of which: 28 percent manufacturing, 72 percent trade and services
How international is Frankfurt?
Over one-quarter of its residents hold a non-German passport.
Half of all exhibitors and participants at Frankfurt's trade fairs come from outside Germany.
Two-thirds of Frankfurt's 426 banks are non-German.
Source: Industrie- und Handelskammer Frankfurt am Main, Wirtschaftsförderung Frankfurt.

Stock Exchanges in the '90s: Focus on Risk Management

Rüdiger von Rosen has been speaker of the board of managing directors of Frankfurter Wertpapierbörse AG, Frankfurt's stock exchange, since 1990, and executive vice chairman of the Federation of German Stock Exchanges since 1986. After earning a doctorate on self-regulating mechanisms in capital markets in 1973, he spent 13 years at the Bundesbank, where he served as both personal advisor to Karl Otto Pöhl and as head of the press and information department. He discusses the challenges Europe's stock exchanges now face.

EC commissioner Martin Bangemann recently stated that the single market was a reality in most business sectors, with the exception of investment markets. How far have we come toward creating a free, pan-European market for financial goods and services?

In our area, some 80 percent of all measures required to "harmonize" Europe's national economies have been passed. Still on the EC's agenda are such important items as a directive on investment services. Our exchange is participating in the consultations involved in the formulation of this directive, which will feature the "Europass" for securities brokers. Another important measure to come is the directive on takeovers. Europe's national economies will soon have an accord on what pension funds can invest in and on what restrictions should be placed on investments by insurance companies. The EC Commission is facing an incredible challenge — to make sure that all of Europe's various financial "playing fields" have the same opportunities, the same rules. That doesn't mean these fields will be uniform. Quite the opposite. It means each stock exchange, for instance, will be free to develop in its own way, to further its own mix of activities. This growing pluralism is why I don't foresee the creation of a single "Euro-bourse" in the immediate future. I envision a number of strong stock exchanges, each with its own focus and strengths, at least until we have a single European currency, and that will be in 1997 at the earliest.

Europe's electronic marketplaces are growing by leaps and bounds. In view of that, what kind of a future do Europe's individual stock exchanges have, especially the smaller and newer ones?

In Germany, through such electronic systems as the Integrated Stock Exchange Trading and Information System (IBIS), our various individual stock exchanges are being joined to give the country a single, contiguous capital market. Our planning no longer focuses on individual cities, but on Germany as a whole and on positioning the country to play a part in this new European or worldwide context. My assumption is that the institutional framework for such an exchange in Germany will largely be in place by the end of the year. To understand

the local exchange in its present form. Stock exchanges have a high symbolic value, such as in Central and Eastern Europe, where they are viewed as harbingers of prosperity. Of the nearly 140 members of the Frankfurt stock exchange, more than half are foreign finance houses. No other stock exchange in the world has such a strong and influential foreign-financial presence, and this translates into a strong non-German voice in the exchange and in the community as a whole.

What with EC directives, EC currencies and transnational business communities, is the era of Europe's profession of national markets and local-based investment finally coming to an end?

One obstacle still standing in the way of truly international markets is the various national tax codes, and I expect that the day of "harmonized" tax codes will only come in Europe when we are gray and old. But, by and large, at least in Germany, we've gotten used to looking beyond our borders for places to invest our money. However, don't forget that the spread of internationalization implies a concurrent standardization of financial products and services. That means that local finance houses can provide the same things as others elsewhere, removing the need for money to "travel."

Openness and flexibility will definitely be a selling point for financial centers and finance houses in the future. Germany's universal banks provide good models in this regard, as does Frankfurt's stock exchange. The exchanges in London, New York and Frankfurt list roughly comparable numbers of shares and securities. The trading volumes, of course, differ widely. But in Frankfurt we have 600 non-German stocks; the number in New York amounts to somewhere around 120.

I think that as the products and availability become more and more standardized, the quality of technical services is going to play a more and more decisive role in determining which stock exchanges flourish. Take settlement. We in Frankfurt offer same-day settlement, a worldwide first. And these high-quality technical services have an important corollary: reduced risk for investors. The 1980s were the decade of secularization and globalization, the '90s are obviously the decade of risk management. The key questions we have to ask ourselves are these: are the technologies we've put in place, is the investment framework we've set up, are the trading opportunities we provide, competitive? If they are, can we face the great impending changes in Europe without any qualms or misgivings.



"Openness and flexibility will definitely be a selling point for financial centers in the future."

Continued on Page 11



The city already boasts highly sophisticated business and telecommunications facilities.

This advertising section was produced in its entirety by the supplements division of the International Herald Tribune's advertising department. It was written by Terry Swartzberg, a business journalist based in Munich. Support for this advertising section has come from Deutsche Bank AG, Deutsche Terminbörse GmbH, Flughafen AG, Frankfurter Wertpapierbörse AG, Hessischer Sparkassen- und Giroverband, Industrie- und Handelskammer Frankfurt, Messe Frankfurt GmbH and Wirtschaftsförderung Frankfurt GmbH.

- ADVERTISING LISTING: Includes names of companies and their contact information, such as 'AIX-MARSEILLE III', 'FRANKFURT', 'STOCKHOLM', etc.

The Taunus: A Suburb With a Life of Its Own

The Taunus is either a low ridge of mountains, a nature reserve of some 200,000 hectares (490,421 acres) or a preferred place to live, depending on whether you are a geologist, weekend hiker or international businessperson based in Frankfurt.

Each major metropolitan area has its exclusive suburbs, its "brokers' belt," somewhere on its genteel outskirts. New York has Fairfield County, Melbourne has Toorak. Each of these areas has basically the same history: beginning as a patch of unspoiled arcadia, it was "discovered" by artists and the very rich and final-

"You have to remember," says Wolfgang Assmann, mayor of Bad Homburg, "that the Rhine-Main region is a relative newcomer to the scene. The Taunus was a thriving center seven centuries before Frankfurt was founded."

The Romans, who had a good eye for salubrious climates and waters, built baths that are still in use at Schlangenbad. In the millennium that followed, dozens of monarchs, from such dynasties as Hessen-Homburg and Nassau-Idstein, fortified the Taunus's heights.

By the 18th century, many of their castles had been converted into casinos; gambling was the craze in Europe, and Western Germany's needy principalities seized the

of Emperor Frederick III. To honor him, Victoria (daughter of Great Britain's Queen Victoria) built a palace, Friedrichshof, and turned it into a center for the arts and a museum. She also restored medieval churches and palaces in the area and donated funds for libraries and hospitals.

The pictures Victoria collected and painted (the empress was an avid artist) are still displayed in Friedrichshof, now reincarnated as the Schlosshotel Kronberg, where American presidents, British prime ministers and other heads of state have stayed.

Today, the Taunus is busy providing a new kind of service. An increasing number of companies, following the lead of such

Only 20 minutes to city center

ly became the site of villas, expensive restaurants and lots of golf courses.

At first glance, the Taunus fits the mold. It has rows of tree-shaded villas with Deutsche Bank, Hoechst and Metallgesellschaft executives ensconced within them. And, like their peers elsewhere in the world's major financial centers, these executives get up every morning to commute to their towering places of work downtown. The only difference is that, in the Taunus, the commuting times are below average. You can get from Kronberg or Königstein to Frankfurt's center in 20 minutes or less.

The Taunus even has golf courses, including a public-access one (a rarity in Germany) in Bad Homburg, and Kronberg's, regularly ranked among the top in Germany. But, unlike its counterparts around the world, the Taunus is not merely a major city's exclusive suburb. Its 20-odd communities form a highly independent service center of their own.

Frankfurt's gleaming, high-tech suburbs come to an abrupt end and a range of green hills appears when one enters the Taunus. Perched on the hills are small, half-timbered cities, sweeping parks and, most strikingly, castles converted into sanatoria, royal hunting lodges converted into hotels and royal summer residences converted into museums.

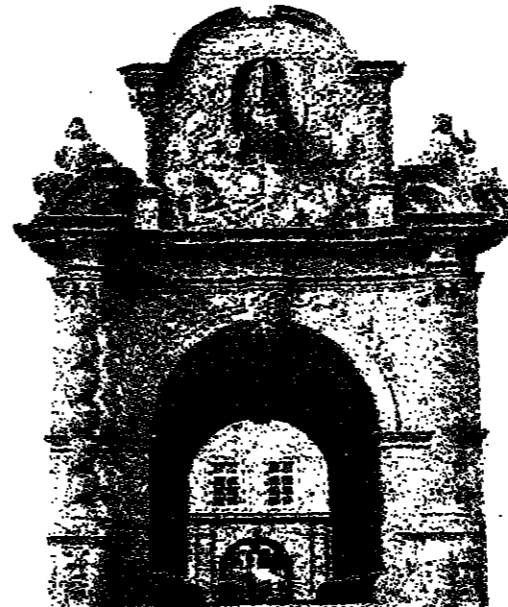


opportunity to cash in on this opportunity. In the 19th century, city-bound artists moved to the area in search of natural beauty. They were soon joined at Bad Homburg, Kronberg and other colonies by others seeking a summer refuge from the sweltering metropolises along the Rhine and Main rivers.

Many of these late-19th-century summer visitors decided to make the Taunus their permanent home. One of these was the dowager empress of Germany, Victoria, widow



Natural beauty and imposing monuments from an eventful past are combined in the Taunus, which was a thriving center seven centuries before Frankfurt was founded. Among the landmarks are the ruins of Eppstein castle, above; many species of animals can be found in the area's forests.



Multicultural Metropolis Includes an English-Language Theater

Frankfurt is Germany's most international city and has been so for quite some time. Over a quarter of its residents hold a non-German passport, and only a sixth of the total population was born in the city.

Frankfurt's incredible profusion of Japanese schools, Sicilian *commedia della arte* troupes and Dutch painting circles are evidence of its multiculturalism.

This cultural pluralism is not restricted to adults, however. Frankfurt now has three English-language schools (the Frankfurt International School in Oberursel and two Montessori schools), and a fourth is planned. There are also Japanese, French

and Korean language schools, Coptic, Russian Orthodox and Anglican churches, five different Islamic religious institutions, dozens of non-German bookstores and other services for foreigners.

For non-German mothers, the most important one could very well be the loftily entitled "Verein zur Förderung der Kinderbetreuung." This so-called "association for the promotion of child care" is actually a multilingual

babysitting service. One of the most striking examples of the city's international character is its English Theater, currently the object of nearly universal praise. "The place to go to cap the perfect day in Frankfurt," says Gabriele Eick, chairman of Wirtschaftsförderung Frankfurt, the city's business development agency.

Ms. Eick is not alone in her opinion. The theater is a sell-out, which is gratify-

ing for Judith Rosenbauer, its founder and managing director, who has the arduous responsibility of finding the funds to support an ambitious, four-productions-a-year schedule.

In creating the theater 13 years ago, Ms. Rosenbauer reasoned that this highly international city, in which learning a foreign language starts with English and French lessons for kindergartners, would support serious theater in a language other than German. With the help of several associates, she took an English-language theater group performing in Frankfurt's Sachsenhausen district and remodeled it into the English Theater.

In 1981, the theater moved to its second home in the city's lively Bockenheim district. Space was a problem — the new theater had only 80 seats — but interest was not. Frankfurt's large foreign

community liked the language and the professionalism of the productions, and German residents appreciated seeing English works performed by native speakers.

In 1990, the theater moved to its current location, a resplendent Art Deco venue in the Kaiserstrasse. The new theater seats 260 and features a congenial watering hole, Judith's Place.

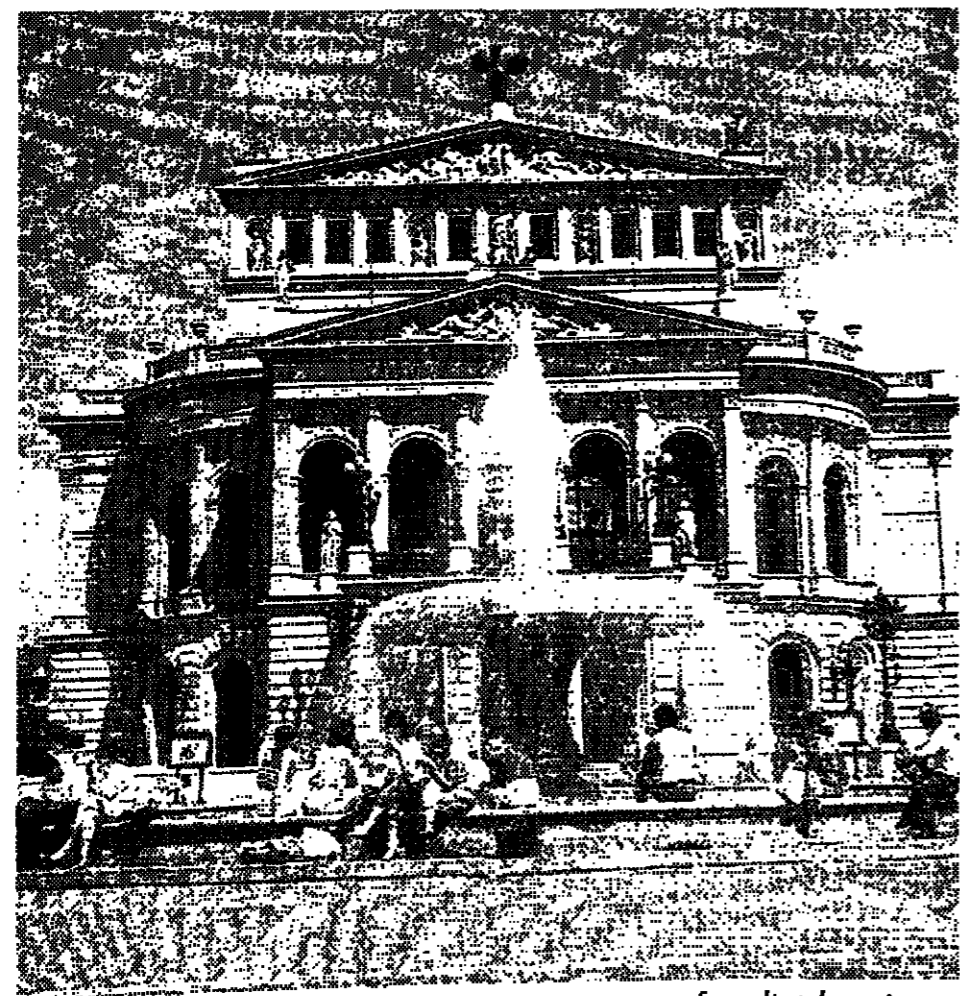
For the Kaiserstrasse, located in the Bahnhofsviertel (train station quarter), the arrival of the English Theater and, at about the same time, of dozens of good ethnic restaurants, is turning a former red-light district into one of the city's most stylish and popular neighborhoods.

Ms. Rosenbauer's work "makes clear how much our [German] culture stems from and is sustained by those of our neighbors," says Walter Wallmann, former prime minister of Hesse.

The English Theater is one prominent example of Frankfurt's multicultural



Gabriele Eick, chairman of the managing board of Wirtschaftsförderung Frankfurt.



The Old Opera is one of the city's most prominent venues for cultural events.

A Day in the Life Of the ECB

Decisions taken this year about economic and monetary union will change the way Europe manages its money, but how? The following hypothetical press conference, set in 2002, was put together based on discussions with leading bankers and officials in Frankfurt.

First the photographers were let in. They dutifully took snapshots of the empty chair, the 11th to be placed at the European Central Bank table of governors. Then the 11 national bank presidents, including the new member from Portugal, filed in and got on with their business.

After eight years of membership in the European Monetary System (EMS) currency mechanism and two in "provisional admission" status, the Portuguese were mostly feeling a sense of belated relief at finally having fulfilled all of the unbending convergence criteria for membership in the European System of Central Banks (ESCB).

There was quite a bit of other news on this sunny Friday in early May 2002. First, the revelation that the EC's inflation rate had reached its limit of .75 percent above or below the community average of 2.5 percent, with Ireland at the high end and Belgium at the low end. Banking on the ECB's favoring open-market operations, speculators rushed into Irish government paper. Hungary and the CSFR (Czechoslovakia) had brought to six the number of countries that had linked their currencies to the ECU.

As usual on any first Friday of the month, the money supply figures were a high point of the weekly ECB press conference. Narrow-band European M1 growth (cash in hand) came in at the high end of the 2.5 percent to 6.5 percent target: broad-band European M2 (cash in hand plus short-term deposits) was over the limit at 7.3 percent. Experts, however, had already discounted the higher figure as "the last gasp of the ripple effect." Most medium-term floating-rate Eurobonds issued in the mid- and late 1990s had carried automatic "new-ECU

"basement" conversion warrants. The drop in the Frankfurt Inter-Bank Offering Rate (FIBOR) below 3 percent had triggered the warrants.

Another topic discussed at the meeting was a report by one of the 70 staff economists at the ECB, entitled "Quantifiable Factors Influencing EC-non-EC Capital Flows." The study had taken stock of the cumulative impact of post-1992 EC accounting and reporting regulations, and of the Ecu, on Europe's capital markets. Its conclusion was that harmonization and standardization, plus a single currency, had achieved one very predictable effect: Transnational, inter-ECB-bloc capital procurement costs had been reduced by up to 33 percent. An unexpected side effect: the rate of net discretionary capital transfers from the last few offshore countries in Europe to the ECB bloc was still accelerating and would soon peak, to fall sharply in autumn.

The size of the offshore pool was a welcome windfall to those calculating Europe's aggregate wealth. High inter-bloc transfer costs were offsetting tax-avoidance benefits and were thus drying up the offshore financial paradises.

The press conference ended with a round of questions. "What's the Eurofed's position on the schedules for pollution-added taxes?" "Which city would the bank favor — Amsterdam, London or Paris — for the seat of the Eurobourse?" "What about assigning national defense budgets to the EC as a first step toward economic union?"

As she did every Friday, the EC spokesperson pointed to the sign hung over the conference room's door. It read: "Frankfurt is firm: a very limited supply of money and absolutely no politics."

Useful Addresses

Wirtschaftsförderung Frankfurt am Main Business and Economic Development City of Frankfurt Gartenstrasse 100/101 D-6000 Frankfurt 1 Tel: (069) 2129-110 Fax: (069) 2129-223	DW-6000 Frankfurt am Main Tel: (069) 239-77-40 Fax: (069) 239-77-54	DTB Deutsche Terminbörse Gartenstrasse 100 D-6000 Frankfurt am Main Tel: (069) 239-88-0 Fax: (069) 239-88-1	Frankfurt School of Management Kaiserstrasse 22 D-6000 Frankfurt 1 Tel: (069) 2129-88-1 Fax: (069) 2129-88-2	Frankfurt School of Finance Kaiserstrasse 22 D-6000 Frankfurt 1 Tel: (069) 2129-88-1 Fax: (069) 2129-88-2	Frankfurt School of Law Kaiserstrasse 22 D-6000 Frankfurt 1 Tel: (069) 2129-88-1 Fax: (069) 2129-88-2	Frankfurt School of Business Kaiserstrasse 22 D-6000 Frankfurt 1 Tel: (069) 2129-88-1 Fax: (069) 2129-88-2	Frankfurt School of Economics Kaiserstrasse 22 D-6000 Frankfurt 1 Tel: (069) 2129-88-1 Fax: (069) 2129-88-2	Frankfurt School of International Business Kaiserstrasse 22 D-6000 Frankfurt 1 Tel: (069) 2129-88-1 Fax: (069) 2129-88-2	Frankfurt School of Management Kaiserstrasse 22 D-6000 Frankfurt 1 Tel: (069) 2129-88-1 Fax: (069) 2129-88-2
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The DTB Goes European

"Creating a Europe-wide trading floor" is how Jörg Franke describes the DTB's next phase of operations. This plan might sound ambitious, especially when one realizes that the DTB — the Deutsche Terminbörse (German Options and Futures Exchange) — has only been in existence for a little more than two years.

Since it started business on January 26, 1990, DTB has, however, reportedly managed to become Europe's largest options market.

The exchange, which is led by Mr. Franke, a 22-year veteran of international finance, now has

seven highly successful products. Its DAX (Deutscher Aktienindex — comparable to NYSE's Dow Jones average) option, for instance, has become the exchange's "best-seller" during the option's nine months of existence, and now ac-

counts for one-third of total turnover. More than 120,000 options and futures contracts are now traded on an average day by DTB.

DTB was founded to deal with a very concrete problem: without an exchange of its own, Frank-

furt (and Germany) was losing business to London and other international centers. In typical Frankfurt style, the DTB has used its computerized quotation facilities to create "a nationwide trading floor." The resulting liquidity and high-quality technical services have not only succeeded in reducing German investment in futures and options back to Germany, but have also succeeded in including foreign players to make Germany a base of operations.

Today, 30 percent of

DTB's 75 members are non-German. Their ranks include some of Europe's leading finance houses whose home computer facilities will soon go on-line with the DTB's central computers, giving the exchange the extensive international presence referred to by Mr. Franke.

For Frankfurt, the emergence of this vigorous young exchange has removed the last shreds of the "long on investment power, short on sophisticated instrumentalities" tag once pinned on the city.

MARKET DIARY

Wall Street Surges On Rate-Cut Hopes

NEW YORK — U.S. blue-chip stocks bounded to a record Monday, helped by gains on overseas equity markets, firm bond prices and persistent talk of a credit easing.

The Dow Jones industrial average rose steadily through the day to close at its session high of 3,397.58 points, up 28.17, the Dow's 19th record for the year.

Volume was a quiet 156 million shares on the New York Stock Exchange as investors showed caution ahead of producer-price inflation data Tuesday.

The foreign markets certainly were a help, Japan particularly. Clearly the bond market has been helpful here too, said Jack Condon, managing director at Rothchild Inc.

The yield on the 30-year bond stood at 7.89 percent, below the 8 percent level that is considered to draw money out of stocks.

Broad-based and secondary shares also participated in the rally. Among NYSE issues, gainers topped losers by an 11-to-6 margin.

Analysts said a burst of confidence for Japanese equities set the tone at Wall Street's opening. The Nikkei 225-stock average rose

232.14 points to 18,608.09, continuing a month-long recovery. Britain's FT-SE 100 closed at a new high for a fourth straight session, rising 12.10 to 2,737.80.

Monday's strength in U.S. stocks "is not reflective of any economic data that should push the market up at this point," said Joseph Barthelemy, director of investment strategy at Fahnstoeck & Co.

The Federal Reserve did not ease credit as many investors had hoped after the April jobs report last Friday, which showed that nonfarm payrolls rose 126,000 and the unemployment rate fell to 7.2 percent from 7.3 percent.

"The perception is that with weak money supply, the Fed still has to do something," said Ned Collins, executive vice president in charge of U.S. equity trading at Daiwa Securities America.

Analysis said the easing could follow the Fed's Open Market Committee meeting on May 19. IBM gained 3.93% after a published report highlighted the renewed battle being waged by larger personal computer companies on rival discount clone makers.

Of these, Dell Computer, declined 4.2% to 27% after announcing price cuts. Analysts said the easing could follow the Fed's Open Market Committee meeting on May 19.

In the absence of fresh economic data, traders were looking ahead to Tuesday's report from the Labor Department on the U.S. Producer Price Index for April. In March, wholesale prices increased 0.2 percent.

Forecasters are expecting prices to edge up to 0.3 percent, not enough to represent a near-term threat to inflation.

"This week's economic data will be strong enough to suggest an economic recovery but weak enough to raise doubts about its duration," said Trude Latimer, market strategist at Josephthal Lyon & Ross.

On Wednesday, the market will be watching the reports on retail sales for April and the Consumer Price Index for April.

In earlier London trading, the U.S. currency lost some ground. It was quoted at 1.6420 DM, down from 1.6445 Friday, and at 133.20 yen, slightly below 133.25.

The pound rose to \$1.792, from \$1.789. The pound rose to \$1.792, from \$1.789.

The Dow

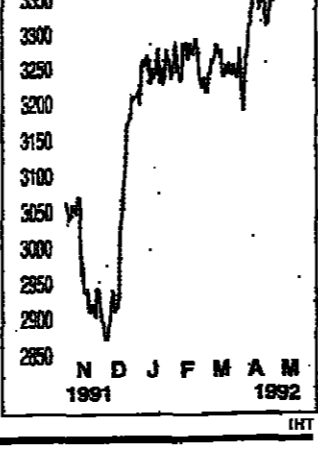


Table with columns: Vol., High, Low, Last, Chg. for NYSE Most Actives.

Table with columns: Vol., High, Low, Last, Chg. for AMEX Most Actives.

Table with columns: Vol., High, Low, Last, Chg. for NYSE Diary.

Table with columns: Vol., High, Low, Last, Chg. for Amex Diary.

Table with columns: Vol., High, Low, Last, Chg. for NASDAQ Diary.

Dow Jones Averages

Table with columns: Open, High, Low, Last, Chg. for Dow Jones Averages.

Table with columns: High, Low, Close, Chg. for NYSE Indexes.

Table with columns: High, Low, Close, Chg. for NASDAQ Indexes.

Table with columns: High, Low, Close, Chg. for AMEX Stock Index.

Table with columns: Class, Chg. for Dow Jones Bond Averages.

Table with columns: Class, Chg. for Market Sales.

Table with columns: Class, Chg. for S&P 100 Index Options.

Table with columns: Class, Chg. for NYSE Diary.

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EUROPEAN FUTURES

Table with columns: Close, High, Low, Prev. Close for Food.

Table with columns: High, Low, Close, Chg. for Stock Indexes.

Table with columns: High, Low, Last Settle, Chg. for Industrials.

Table with columns: Buy, Sell, Price, Chg. for N.Y.S.E. Odd-Lot Trading.

Table with columns: Today, Prev. for Spot Commodities.

Table with columns: High, Low, Close, Chg. for Financial.

Table with columns: High, Low, Close, Chg. for U.S. FUTURES.

Table with columns: Open, High, Low, Close, Chg. for Grains.

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Table with columns: Open, High, Low, Close, Chg. for Livestock.

Table with columns: Open, High, Low, Close, Chg. for Cattle.

Table with columns: Open, High, Low, Close, Chg. for Hogs.

Table with columns: Open, High, Low, Close, Chg. for Poultry.

Table with columns: Open, High, Low, Close, Chg. for Food.

U.S. / AT THE CLOSE

General Dynamics Seals Missile Deal

FALLS CHURCH, Virginia (Combined Dispatches) — General Dynamics Corp. said Monday that it had agreed to sell its missile business to Hughes Aircraft Co., a unit of General Motors Corp., in a deal worth at least \$450 million.

General Dynamics said it would receive 21.5 million GM Hughes class H common shares for its missile business through a public offering under GM's control. Shares not sold in the public offering will be reacquired from General Dynamics on Sept. 30, 1993.

General Dynamics stock rose 12.5 cents to close at \$66.25 on the New York Stock Exchange.

The defense contractor said last week that it was in the "final stages" of negotiations with GM Hughes Electronics Corp., parent of the aircraft unit, to sell the business.

WASHINGTON (Combined Dispatches) — John E. Rend, deputy Treasury secretary, urged U.S. banks on Monday to resume the lending he said was necessary to ensure economic recovery.

"Frankly, it is time that the banks came out of hibernation and started lending," Mr. Rend said at the New Hampshire Forum in Manchester.

The Treasury official said that despite government efforts to eliminate the so-called credit crunch, some banks continued to invest their deposits in safe government securities rather than make loans.

Separately, Lawrence Lindsey, a Federal Reserve Board governor, said that banks would have to take steps to reverse the perception that they discriminate against minorities in their lending practices.

Although most banks do not discriminate against minorities in their lending, "the mere perception of unfairness, not to mention its reality, may drive policymakers to take action," Mr. Lindsey said in an address to the California Bankers Association in Long Beach, California.

Wal-Mart Net Rises on Strong Sales

BENTONVILLE, Arkansas (AFP) — Wal-Mart Stores Inc. said Monday its profit jumped 26 percent in the three months ended April 30, reflecting better-than-expected sales and tighter expense controls.

The giant discount retailer recorded a net profit of \$386.9 million, or 34 cents a share, in the period, up from \$306.9 million, or 27 cents a share, in the year-earlier quarter. Sales climbed 26 percent, to \$11.6 billion, from \$9.3 billion a year earlier.

W. R. Grace to Sell Energy Holdings

BOCA RATON, Florida (Bloomberg) — W.R. Grace & Co. said Monday that it planned to sell off its energy business for \$700 million as part of a plan to divest \$1 billion of nonstrategic assets this year.

Traders Turn Attention Away From the Dollar

NEW YORK — The U.S. dollar ended lower Monday against key currencies as traders turned their attention to the Deutsche mark and the Canadian dollar.

The dollar's low return compared with that of European currencies prompted dealers to lighten their dollar holdings, said Guy Pasquier at Credit Lyonnais in New York.

The Bank of Canada was sent throughout the session selling U.S. dollars to slow the Canadian dollar's decline following comments by the Canadian Finance Ministry calling for softer interest rates, traders said.

Lack of market-moving news slowed trading, they added. The U.S. unit closed at 1.2053 Canadian dollars, compared with 1.2029 at Friday's close.

It also declined to 1.6384 DM, from 1.6440 Friday, and to 133.00 yen from 133.37. It rose slightly to 1.5255 Swiss francs from 1.5253, but fell to 5.5065 French francs

Rate Move Hits Taiwan Stocks

TAIPEI — Share prices plunged to a seven-month low Monday on the Taiwan Stock Exchange after a credit-tightening move by the central bank. The weighted index dropped 160.8 points, or 3.63 percent, to 4,268.17 points, its lowest level since Oct. 24.

The central bank raised its discount rate on Saturday by one-quarter point, to 6.125 percent, in a bid to curb inflation.

Analysts predicted that Taiwan stocks would decline further. "There is nowhere to go but down," said Jack Wang, an analyst at Foremost Securities Investment, "and financial issues, which are heavily weighted in the index, will lead the way."

The stock index has been sliding since January because of political tension and a large number of new stock issues.

WORLD STOCK MARKETS

Table listing world stock markets with columns: Class, Prev., and various market indices.

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Vertical advertisements on the right edge of the page, including "Midland" and "Pirelli".

AMEX

Monday's Closing. Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Table of stock prices for the AMEX exchange, listing symbols, bid prices, and other financial data.

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LATIN AMERICA: THE NEW ECONOMIC CLIMATE. July 21-22, 1992. Palace Hotel, Madrid. The objective of the fourth biennial Latin America conference is to detail the profound economic changes taking place in the region which are fostering renewed investor confidence.

NYSE

Monday's Closing. Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Table of stock prices for the NYSE exchange, listing symbols, bid prices, and other financial data.

Table of stock prices for the AMEX exchange, listing symbols, bid prices, and other financial data.

Assets

Win a FREE Trip to Japan! Dream up a winning slogan for the Japan Association of Travel Agents (JATA). And you may take a seven-day dream vacation for two to Tokyo and Kyoto, Free.

India Tells Banks to Aid Bourse

Compiled by Our Staff From Dispatches NEW DELHI — The Indian Finance Ministry has told state-run financial institutions to intervene around the current level to prevent stock markets from falling further...

The Finance Minister said the ministry wanted the market stabilized around the current level to prevent panic among investors as the government probes allegations that several members of state-run banks lent money to the broker, in violation of regulations.

Opposition members have alleged that up to 25 billion rupees (near \$1 billion) was involved in the scandal. (Reuters, AFP)

2 Ex-Managers Of Sagawa Held In Scandal

Agence France-Press TOKYO — Japan's biggest postwar scandal widened Monday with the disclosure that a major transportation group, Sagawa Kyubin, had provided 16 billion yen (\$120 million) more to a crime syndicate.

Two former top managers of the Sagawa Kyubin group were rearrested Monday on charges of breaching company trust as they provided the money in loans and loan guarantees to companies linked to gangsters from May 1990, police said.

Also arrested was Munehiro Sugi, president of Hokusho Sangyo, a real estate developer associated with Japan's second-largest crime group, Inagawa-kai, together with Hiroaki Kaihatsu, who received the Sagawa money.

Hirokazu Watanabe, former president of Tokyo Sagawa Kyubin Co., and Jun Saotome, the company's former managing director, were arrested in February for giving questionable loans to the Inagawa-kai affiliates and other firms.

In Asia, a Need to Lure Oil Exploration

By Michael Richardson International Herald Tribune SINGAPORE — Asian and Pacific countries will become increasingly dependent on Middle East oil for economic growth unless new incentives are introduced to intensify the pace of exploration, Western oil company executives said Monday.

"This is a critical time for the Asia-Pacific region to increase its indigenous supplies of oil and gas," said Alfred J. Boulos, senior director of exploration and production at Conoco Inc., a Houston-based subsidiary of Du Pont Co.

Rising local demand in major Asian oil-producing nations — particularly China and Indonesia — is expected to cut exports to other countries in the region to 1.5 million barrels per day by 1995 and to less than half this amount by the year 2000, from 2.2 million barrels per day in 1990.

energy consumption in Asia and the Pacific. As industrialization spreads, the region's dependence on imported oil is projected to increase to 64 percent by the end of the decade, from 48 percent in 1990, said Fereidun Fesharaki, director of resources programs at the East-West Center in Hawaii.

"In terms of security of supply, the Asia-Pacific region is in a more precarious situation than the United States or Europe," he said. The Asia Pacific region contains around 47 billion barrels of proven oil reserves, enough to last only 20 years at current production rates.

The politically volatile Gulf provides about 70 percent of the oil imported by Asian and Pacific nations. But by the turn of the century, more than 90 percent of imports from outside the region are likely to come from the Gulf.

Overall, the BIS said fourth-quarter lending by international banks rose \$304 billion, but more than two-thirds of the increase was due to valuation effects resulting from the depreciation of the dollar.

Deficit Bulge Hits Markets In Australia

Compiled by Our Staff From Dispatches SYDNEY — Australia forecast Monday that the budget deficit for this year and next would be much larger than expected, sparking a sell-off in markets worried about how the shortfall would be funded.

Treasurer John Dawkins said the budget deficit forecast for the year to June 1992 had blown out to 9.3 billion Australian dollars (\$6.99 billion), from the 6.8 billion dollar gap forecast previously.

For 1992-93, the estimate was reduced to 10.5 billion dollars, from 8.0 billion. The budget had a surplus of 1.9 billion dollars in 1990-91.

Bankers in Germany were the only group to record a real expansion in business with nonbank institutions, with an increase of \$14 billion.

Toshiba and GE To Cooperate

Compiled by Our Staff From Dispatches TOKYO — Toshiba Corp. said Monday it had reached an agreement with General Electric Co. of the United States to jointly make advanced gas turbines used in power stations.

The agreement covers heavy-duty gas turbines expected to be used in next-generation combined-cycle power-generating systems, Toshiba said.

Mitsui Engineering & Shipbuilding Co. said it was seeking an additional license from Asea Brown Boveri AG to produce larger turbines for electric power generation.

Mitsui is seeking a license to produce turbines for up to 300,000 kilowatts (AFP, Reuters)

Investor's Asia

Table with columns for Exchange, Index, Monday Close, Prev. Close, % Change. Rows include Hong Kong Hang Seng, Singapore Straits Times, Tokyo Nikkei 225, etc.

Very briefly:

- GEC Alsthom International SA, Mitsubishi Heavy Industries Ltd. and Siemens AG have been asked to submit new bids for a Seoul-to-Pusan high-speed train contract by a South Korean oversight committee.

Japan Banks Hold Key to Weak Yen

By Carl Gewirtz International Herald Tribune PARIS — One of the big wonders in the foreign-exchange market is how the yen can be so soggy when Japan is running such a large international surplus.

Under severe pressure to meet the new risk-weighted capital-adequacy ratios, which come into effect at the end of March for the Japanese, banks have been shrinking their balance sheets. But why the banks' borrowings, or liabilities, have been cut so much more sharply than loans, or assets, remains unclear.

The supposition is that foreign banks have been cutting credit lines to the Japanese in response to reports of financial weakness, and that, rather than pay a premium to borrow in the interbank market, the banks have used the yen proceeds of the subordinated

debt issues floated in the domestic market to pay back borrowings as they came due for renewal.

Data published last week by Japan shows the major trends continuing. The March current-account surplus of \$11.7 billion was a monthly record, as was the \$20.1 billion short-term capital outflow.

Overall, the BIS said fourth-quarter lending by international banks rose \$304 billion, but more than two-thirds of the increase was due to valuation effects resulting from the depreciation of the dollar.

Mieno Predicts Economic Gains in Japan

Compiled by Our Staff From Dispatches NAHA, Japan — The Japanese economy is in a difficult phase, with slowing domestic demand and a full-fledged inventory drawdown, but brighter times are ahead, the Bank of Japan governor, Yasushi Mieno, said Monday.

"Japan's economy is now in the most difficult adjustment period, although its future outlook is not totally black," Mr. Mieno said at a meeting of businessmen here.

Mr. Mieno said there was limited scope for further declines in domestic interest rates, but he said the central bank would be watching closely to see if the current low rates rekindled land and stock speculation.

Referring to the recent increase in the politically sensitive current-account surplus, Mr. Mieno said it was important that the yen stabilize to correct trade imbalances. The surplus more than doubled in the year ended in March, to \$90.08 billion. (Reuters, AFP)

Europeans Call for More Investment in Japan

Compiled by Our Staff From Dispatches TOKYO — European companies on Monday called for new measures to increase European investment in Japan, warning that the current imbalance in two-way flows could lead to political problems.

A report by the European Business Community in Japan noted that investment by Japanese companies in Europe over the past eight years was as much as 30 times higher

than investment by European companies in Japan. As a result, European companies account for about 0.1 percent of total direct investment in Japan. But Japanese companies represent 5 percent of investment in the European Community.

The group called on Japan to expand lending by the Japan Development Bank to foreign companies, abolish formal curbs on foreign investment areas like mining and agriculture and liberalize Japan's legal profession.

The report by the group, comprising EC chambers of commerce, said that if reciprocal investment opportunities were not created, "this problem, which today has mostly commercial and economic dimensions, will develop an increasingly strong political dimension as well." (AFP, Reuters)

ACROSS

- 1 Seating for the amen corner
- 5 Bushy hardish
- 10 Old Polish woman
- 14 Year
- 15 Raccoon's relative
- 16 Muslim generals
- 17 Start of a quip
- 20 'Some Like It'
- 21 Bucks' mates

DOWN

- 2 Green, in Grenoble
- 3 Frau's counterpart
- 24 Little Red Schoolhouse book
- 28 Engine-room aides
- 29 Whalers' casks
- 30 Clay-footed one?
- 31 Wasn't healthy
- 32 Seal school
- 35 Quip: Part II

Solution to Puzzle of May 11

ADAME ASIS EGOS ROMAN SHEA DRIP GRANDCHILD GALLA ASTER REDDED RAE TELLO ODE CABARET EGAD ALA PAGE SLANG LOBE YENTIL IDOL LEYTE LUNA ONA SCAT ARRAYED AMI CEDE ROD WATCHMEN UBOAT ASTA PLAYPENPAL KEEN LATE RAINY ERRS EYES TINGE

DOWN

- 1 Walkway
- 2 Canyon phenomenon
- 3 One of a reporter's live w's
- 4 Matched items
- 5 Cast
- 6 Vestibule
- 7 Butts
- 8 A native American
- 9 Word in R.S.V.P.
- 10 Lex carriers
- 11 'I Enjoy Being'
- 12 Moistest the roast
- 13 Michaelmas daisy
- 18 River south of Kansas
- 19 Work too hard
- 23 Gehenna
- 24 Farm structures
- 25 Look furtively
- 26 Cher to Sonny, once
- 27 Comic's light bulb
- 28 Frost, for one
- 29 Perilous
- 31 Choreographer De Mille
- 32 Spur
- 33 Word with shoppe
- 34 Color changers
- 36 Fighting footballers
- 37 Aswan's river
- 38 Gulf sultanate
- 42 Joe Louis and Omri
- 44 '...I war'
- 45 F.D.R.
- 46 Aspen aficionado
- 48 Discontentment
- 47 Monkey's uncle?
- 48 This often precedes a fall
- 50 Radar sight
- 51 Fad
- 52 Roman road
- 53 Bulbous vegetable
- 55 Shaver
- 56 Baton Rouge campus: Abbr.
- 57 Séance sound

Table with columns for NEW HIGHS and NEW LOWS. Rows include various stock symbols and their prices.

REPUBLIC NEW YORK CORPORATION Consolidated Statements of Condition. Table with columns for Assets, Liabilities and Stockholders' Equity for March 31, 1992 and 1991.

SAFRA REPUBLIC HOLDINGS SA LUXEMBOURG Consolidated Statements of Condition. Table with columns for Assets, Liabilities and Shareholders' Equity for March 31, 1992 and 1991.

Republic National Bank of New York (Swiss) S.A.: Head office in Geneva and branches in Lugano, Zurich and Guernsey. Republic National Bank of New York (France): Head office in Paris and 1 branch in Paris and Monaco. Republic National Bank of New York (Luxembourg) S.A.: Head office in Luxembourg. Republic National Bank of New York (Guernsey) Ltd.: Head office in St. Peter Port, Guernsey. Republic National Bank of New York (Gibraltar) Ltd.: Head office in Gibraltar.

ART BUCHWALD

The Great Scapegoat

WASHINGTON — It stands to reason that when there is strife in the land the White House must step in to blame someone for causing the trouble. So it came as no surprise when, several days after the riots in Los Angeles, Martin Fitzwater, the president's loyal mouthpiece, took center stage and announced that the liberal programs of Lyndon Baines Johnson were the real villains for what happened after the Rodney King beating trial.



Buchwald speaking for himself but for the Bush administration, which still doesn't know how to play the riots during an election year.

So it was decided to make "The Great Society" the scapegoat.

Spoleto to Revive Donizetti Opera

ROME — The 35th Festival of Two Worlds in Spoleto, Italy, will open June 26 with a revival of Gaetano Donizetti's opera "Il Duca d'Alba." The 19-day festival founded by Gian Carlo Menotti offers 52 events, including operas, ballets, plays, concerts and film.

The Donizetti opera will be based on the 1959 production created for Spoleto by Luciano Visconti, using sets based on the designs for the work's Rome premiere in 1882. After its run in Spoleto, the production will go to the Teatro Carlo Felice in Genoa for a week. Also on the Spoleto program is Richard Wagner's "Die Meistersinger," staged by Menotti.

Among the dance pieces are Bill T. Jones-Armie Zane and Co. of the United States, young dancers from the Bolshoi Ballet, and Maguy Marin's company from France.

They said to Fitzwater, who attends all their meetings, "Martin, you have to go out there and dump the whole L.A. disaster on the Democrats' doorstep."

"I gotcha," Martin said, talking notes. "I'll announce to the world that you can't have the kind of '60s and '70s poverty programs without pillaging and looting in the urban areas."

A political pollster applauded. "Our message should be that there would not have been any rioting in the ghettos if it wasn't for the liberals raising the expectations of the looters."

Marlin said, "Do I mention anything about President Bush's plans to help minorities?"

"What plans are those?" someone asked.

An aide responded. "The old Bush plans that the Democratic Congress refuses to pass. Let's not make any stupid new promises that we'll be stuck with once the country forgets about L.A."

"Can I say that welfare was the main reason for all the broken windows?" Fitzwater wanted to know.

"Sure you can. If people were doing honest work they wouldn't have to throw rocks."

Another political adviser to the president said to Fitzwater, "If we don't turn the riot into a political asset the looting and shooting will all have been in vain. It would be a pity if the president sank in the polls because the public considered him gun-gang on poverty."

Marlin was excited. "I can't wait to get out there and trash the Great Society. If this doesn't play in Peoria, I'll eat Millie's Alop."

Algren, Riccardo's and Mr. Chicago at 80

By Frank J. Prial
New York Times Service

CHICAGO — The Mercedes came tooling down Michigan Avenue. It swerved to the curb and a white woman in her 30s peered her head out the passenger side window. "Mr. Terkel," she called. "Oh, Mr. Terkel! We read your book. We loved it! Thank you so much."



Studs Terkel at Riccardo's: "Retire? Never. I'm going out toes up."

The little guy on the sidewalk smiled and gave a sort of half bow as the car drove off.

Two blocks farther along, a young black bicycle messenger was waiting for a traffic light to change. He saw the little guy and his eyes lit up. "Hey," he said. "Hey, Studs. I got your book. I'm going to read it, man."

And so it went: "Hello Mr. Terkel," "Hey, Studs."

Was there anything unusual in all this, the little guy was asked.

"Nah, everyone around here knows me, that's all."

Studs Terkel was on his way to lunch at Riccardo's, an old hangout about a 20-minute walk from his office. "This used to be a newspaper joint," he said as he entered. No more. Solid business types filled the room and lounged at the bar.

"Have the whitefish," Studs said. "It's my favorite here." He had the whitefish. Also a martini on the rocks and a couple of glasses of red wine.

Riccardo's and the whitefish — unleashed a flood of reminiscences. "There were a dozen papers once. Everyone turned up at the bar, Algren and I used to sit right over there," he said. "Sometimes Mauldin would join us. The sessions would go on and on."

Studs was content. And a little sad. Riccardo's is changing hands soon. "Going upscale," he said. In the Terkel lexicon, upscale is not a positive word.

Studs Terkel is 80, and there are those who would say he is at the pinnacle of his career. His latest book, "Race: How Blacks and Whites Think and Feel About the American Obsession" (New Press), has received immense critical acclaim.

His radio interview program, now in its fourth decade, is more popular than ever and he has enough projects to keep him busy past his century.

"Retire? Never. I'm going out toes up." He is short, about 5 feet 5, and walks with a slouch that makes him look even shorter. His uniform — he rarely varies it — consists of rumpled slacks, a blue blazer over an open-necked red-checked shirt and a fire-engine-red sweater with black and white trim.

He combats it by running his fingers through it from time to time.

"When you get older, your frame of reference doesn't work anymore. I remember the '48 Henry Wallace campaign. I remember Martin, Barton and Fish. But it's not just me. We're a country with no revered past, no yesterday. It's like a national Alzheimer's. There's a guy with the Mets, Vince Coleman, who says he never heard of Jackie Robinson."

The conversation ranges. "You know Harold Washington read books? Can you imagine a mayor of Chicago who read books? ... I've got this hearing aid. Ronnie Reagan has two. Of course, there's nothing in between his."

Playing records led to interviewing the artist, which led to a television talk show, "Studs' Place," in the medium's earliest days. His given name was Louis, he took "Studs" from Studs Lonigan, the anti-hero created by another Chicago writer, James T. Farrell. "In those days, I usually had a Lonigan book in my pocket," he said.

His tiny office overflows with books, manuscripts, records, tapes and unanswered correspondence. Thousands of other Terkel tapes, an audio history of the years since World War II, are stored in the station's library.

A printed collection of several of the radio programs prompted Andre Schiffrin, then with Pantheon Books, to mudge Studs into a succession of popular and respected books, including "Hard Times" in 1970, about the Depression, "The Good War," about World War II and "Talking to Myself," a memoir of his first 60 years.

"Race" like the earlier books, is an exercise in oral history. Each interview is transcribed, usually into about 60 pages of text, then edited.

"It's like prospecting," he said. "The transcripts are the ore. I've got to get to the gold dust. It's got to be the person's truth, highlighted. It's not just putting down what people say."

His favorite interviewee in the new book is "Probably C.P. Ellis, the former Klansman."

In the 1970s C.P. Ellis was the Exalted Cyclops of the Klan chapter in Durham, North Carolina. By a fluke, he was named to a community-relations board and had to deal with blacks for the first time in his life. Astonishingly, he became a successful community activist and a champion of civil rights for blacks.

And the others? "Big Bill Broonzy, the blues singer, Bertrand Russell; Peggy Terry, an Appalachian woman I first interviewed in 1970, then 20 years later; and of course, Lorie Lehmann, the great singer. She was my North Star. She never retired; neither will I."

His next book, Studs Terkel said, will be about elderly people who still make a difference in their communities. "There are a lot of wonderful, feisty old people around," he said. "They can be tough, they can be effective, they can make a dent. They don't care, they have no more ties."

But that's in the future. Back in the office there are shows to prepare, with Peter Ustinov, with the authors William Kennedy and Carlos Fuentes. "I wonder if I can find some 17th-century court music of Spain to do with Fuentes," he asks himself.

"And then the books," he said. "Got to read the books. Can't read the flyleaf and wing it like some of these clowns."

PEOPLE

Marcia Haydeé Returns Major Role — in U.S.

Marcia Haydeé, the leading ballerina and director of the Stuttgart Ballet, says she has taken her first North American bow in one of her major roles, Titania in John Cranko's "Engene Onegin." Haydeé danced the premiere in 1965, and it was the vehicle for her American debut in New York four years later. After dancing the role Saturday at the Kennedy Center in Washington opposite Richard Cragg, her longtime partner, the 55-year-old star said she would still dance, and might dance Titania in Europe, but would no longer do the role in North America.

Royal press spokesman had her hands full with domestic matters lately. In London, the tabloids and the BBC had a field day with reports that Princess Anne, the 41-year-old second daughter of Queen Elizabeth II, would marry Commander Timothy Laurence of the Royal Navy, the queen's former equerry. It is being said that Queen Elizabeth has consented, but Buckingham Palace says the reports are totally unfounded.

The foreign press has said that Princess Caroline of Monaco has asked her father, Prince Rainier, for permission to marry a French aristocrat, Vincent London, and that Rainier was said to have given his blessing, provided London converts from Judaism to Roman Catholicism, makes no claim to the throne, and agrees to other conditions. "Unfounded rumor," said the principality's press office.

In Amman, a spokesman for the Jordanian court denied that King Hussein would divorce his American-born wife, Queen Noor, to wed Rana Nejen, described as an employee in the court's press office. The Jordanian information bureau in Washington said, "Any and all of the reports on the subject of His Majesty's alleged plans to marry Miss Nejen are untrue."

Frederick of Hollywood Mimosa, where looters made off with Malcom's purple bustier during the rioting in Los Angeles, got some good news. A fashion designer, Andre Van Pier, says he is donating the white lace bra the pop star wore in her "Like a Virgin" video. "I wanted to do something positive to undo some of the damage that was done to Hollywood during the last week," Van Pier said.

The Global... Chief... Los Angeles... Social... Sea... This... Florid... Duel Bet...

Today's INTERNATIONAL EDUCATION DIRECTORY Appears on Page 8

PERSONALS ANNOUNCEMENTS STUDIES IN INT'L BUSINESS AND EC/LAW REE INFORMATION SESSIONS THE AMERICAN UNIVERSITY OF PARIS INT'L ENGLISH TEACHING CAREERS THE AMERICAN UNIVERSITY OF PARIS SUMMER COURSES IN PARIS

INTERNATIONAL CLASSIFIED ANNOUNCEMENTS MOVING REAL ESTATE FOR SALE REAL ESTATE TO RENT/SHARE REAL ESTATE TO RENT/SHARE REAL ESTATE TO RENT/SHARE REAL ESTATE TO RENT/SHARE EMPLOYMENT ADMINISTRATIVE SECRETARIAL POSITIONS ESCORTS & GUIDES